

Performance 90 Contract

Cargill Risk Management

Risk management is paramount to success in today's farming environment. Many government safeguards of the past are quickly disappearing. At Cargill, we understand your concerns. That is why we are determined to develop solutions for our customers that minimize risk and maximize profits on their farms.

About Performance 90

Performance 90 is a No Price Established (NPE) grain production and crop input contract designed to help growers manage the most significant risks on their farms; that is, a possible decline in crop yields, a potential decline in market prices or a combination of both.

The grain contract value of Cargill's Performance 90 is based on the total revenue generated from the following pricing formula:

	Actual yield x price as marketed by the producer
plus	revenue adjustment based on revenue generated
less	service charge per acre
<u>less</u>	<u>quality discounts</u>
equals	price per acre

In exchange for the service fee and other producer requirements, Performance 90 offers three very attractive features that help maximize your operation's cash flow and revenue:

- Revenue risk protection – A revenue adjustment layer that protects historic farm revenue from 75% to 90%. The final price of the contract is based on the revenue generated.
- Grain marketing advantage – Key marketing features provide you with the confidence to more aggressively market your crop and integrate the contract into your overall crop marketing plan.
- Agronomic excellence – Work with your local retailer, seed producer and crop protection product supplier to ensure the best agronomic program is being implemented for your farm.

Revenue adjustments of the grain contract is calculated using the following equations:

Historic value = Historic yield (of all acres enrolled) x 2001 (CBOT Dec. futures on pricing date)

Target value = 90% of historic yield x 2001 (CBOT Dec. futures on pricing date)

Benchmark value = Actual harvested yield x 2001 (CBOT Oct. average of Dec. 01 Futures)

A revenue adjustment to the grain contract will be made if the benchmark value is less than the target value. The adjustment has a maximum value of 15% of the historic value.

Producer Requirements

In order to participate, a producer is required to:

- Enroll the greater of 300 corn acres or 50% of his or her total corn acres. If the total corn acres are less than 300, then the producer must enroll 100% of his or her corn acres.
- Deliver 100% of the production from the enrolled acreage to Cargill or a location designated by Cargill.
- Develop a crop management plan with your participating retailer.
- Provide Cargill with acceptable proof of historic yield.
- Purchase products from the list of designated product manufacturers.
- A minimum of four crop scouting trips on the enrolled acres. Costs paid for by the producer.
- Purchase minimum of a United States catastrophic insurance policy.
- Provide Cargill with acceptable means of yield verification.
- Payment of applicable service fee.

Benefits

- Revenue adjustment protects the layer between 75% and 90% of historic value.
- No penalty for nondelivery of priced bushels due to yield event.
- Access to Cargill AgHorizons grain marketing alternatives and other risk management tools.
- World-class agronomic team working to maximize your production.
- Contract enables producers to set Performance 90 futures price when they believe the market is most favorable.
- Producer has choice of seed and crop protection products from industry leaders.
- Producer owns all of the upside revenue.
- Delivery period of the contract can be extended beyond harvest to enable the producer to capture market carry and/or additional marketing opportunities.
- Complements government programs.
- Predictable cash flow.
- Security.

Examples

Historic value
155 bu/A x \$2.50 = \$388

Target value
140 bu/A x \$2.50 = \$350

Benchmark value

Actual Yield (bu/A)	Revenue (\$)	Historic Revenue (%)	Revenue Adjustment (\$)
142 bu/A x \$2.10 =	298.20	77	51.80
119 bu/A x \$2.34 =	279.00	72	58.13
110 bu/A x \$2.20 =	242.00	62	58.13
105 bu/A x \$3.42 =	359.10	93	0
180 bu/A x \$1.95 =	351.00	90	0

If a revenue adjustment is made, Cargill will adjust the final price of the grain contract.

Maximum adjustment is 15% of historic value. (15% x \$388 = \$58.13)

Pricing date – Pricing window is from Sept. 1, 2000 through Feb. 28, 2001

CBOT – Futures prices from Chicago Board of Trade

Historic yield – Average of the five most recent years of certified crop production

Harvest yield – Verification by bin measurements, yield monitor results or other acceptable means of verification

Performance 90
No Price Established Output Contract

Seller: «ProducerFirstName» «ProducerLastName» Contract Date: «ContractDate»
Address: «ProducerAddress» Tracking ID: «ContractID»
«ProducerCity», «ProducerState» «ProducerZip»
Grain Contract No. _____

Buyer confirms its purchase from Seller and Seller confirms its sale and obligation to deliver the listed Commodity to Buyer under the following terms and conditions:

No Price Established Output Contract (Credit Sale Contract)

Commodity/Grade: U.S. #2YC	Shipment Period: Sept 1, 2001 to July 31, 2002
Quantity: See below	Weights to Govern: Destination House Weights
Delivery Point: «DropOffLocation»	Grades to Govern: Destination House Grades
Price Type: No Price Established Output	Rules to Govern: NGFA

1. Quantity:

Contract quantity shall equal all of the year 2001 production from the real estate described in Addendum A ("Total Production"). Total Production is estimated to be that amount set forth on Addendum A attached hereto, using 90% of the Seller's annual historical yield as established and agreed to by the parties ("Target Production").

Target Production shall be reduced to account for any crop losses which may occur due to Seller's negligence or willful misconduct.

The final Total Production shall be further determined according to the terms of Section 6(vi) herein.

2. Transportation Terms:

Truck

3. Quality Specifications:

«DropOffLocation» quality terms discount terms and genetically enhanced corn policy to apply.

4. Contract Price:

Target Production. Seller has the right and obligation to select the date on which the contract price for the Target Production will be established (the "Pricing Date"). Seller's selection of the Pricing Date for the Target Production must be made on or before the Pricing Deadline, and must be communicated to Buyer. The Pricing Deadline is the earlier of delivery or July 31, 2001. The Target Production may be priced based on the Buyer's spot bid on the Pricing Date at the Delivery Point for the Shipment Period

referenced above using any of Buyer's standard pricing methods then in effect. If the Shipping Period for the Buyer's spot selected by the Seller is different than the Shipment Period referenced above, this Contract shall be automatically amended to reflect the actual Shipment Period for that portion of the grain subject to the bid.

If Seller does not choose a Pricing Date for the Target Production on or before the Pricing Deadline, Buyer is authorized to establish the final price at Buyer's option thereafter. If the Target Production has been delivered prior to the Pricing Date, the Contract Price for the Target Production will be based on Buyer's bid on the Pricing Date at the Delivery Point for the Shipment Period referenced in the Contract.

Excess Production. Production in excess of the Target Production will be priced based on the Buyer's spot bid on the Delivery Date at the Delivery Point using any of Buyer's standard pricing methods then in effect.

Priority Pricing. In the event that the entire contract quantity is priced at delivery and the Total Production is less than the Target Production the grain will be applied to the oldest pricing first, before any adjustment in the contract quantity.

Service Fee. A service fee of USD \$«ServiceFee» per bushel will apply on the first one hundred (100) bushels per acre delivered to Buyer under this Contract, subject to a minimum fee of \$«ServiceFee2» per acre. If not priced prior to, or upon delivery, additional service charges may apply.

Revenue Adjustment. In consideration for entering this Contract the Seller will receive a Revenue Adjustment equal to an amount by which the Target Value exceeds the Benchmark Value, up to the maximum adjustment, outlined below. If the Benchmark Value exceeds the Target Value, the Revenue Adjustment shall be zero.

The Target Value shall mean the Chicago Board of Trade December, 2001 futures price for the applicable commodity ("December Futures Price"), multiplied by the Target Production. Seller has the right and obligation to select the date on which the December Futures Price will be established (the "December Futures Pricing Date"). Seller's selection of the December Futures Pricing Date for the Revenue Adjustment must be communicated to Buyer on or before the February 28, 2001. If the Seller does not select a December Futures Price by this deadline, the December Futures Price will be equal to the higher of (a) the Chicago Board of Trade December, 2001 futures price for the applicable commodity listed on February 28, 2001, or (b) the average daily closing price of the Chicago Board of Trade December, 2001 futures during the month of February, 2001.

The Benchmark Value shall mean the average of the December 2001 futures closing prices during the month of October 2001, multiplied by the Total Production.

The Revenue Adjustment will be prorated on a per bushel basis using the Total Production.

Maximum Revenue Adjustment Amount. The Revenue Adjustment paid to the Seller will be capped at an amount no greater than 15% of the Seller's annual historical yield multiplied by the December Futures Price.

5. Payment Settlement.

Payment of the Contract Price will be due upon completion of this Contract, i.e., after Total Production has been delivered to Buyer. Producer may request advances for up to 100% of the value of the grain (less the projected minimum service fees) as deliveries under this Contract are made.

6. Seller Obligations.

In order to be eligible for the Revenue Adjustment set forth herein, the Seller shall perform the following obligations:

- (i) Seller has worked with the input retailer identified in Addendum A ("Input Retailer") to develop a preliminary crop input and management plan for the described real estate, a copy of which is attached hereto as Exhibit A. On or before April 1, 2001, the Seller will submit a final plan which if acceptable to Buyer will replace the preliminary plan and be automatically incorporated herein. The Seller shall, at its own cost and expense, till, plant, spray, irrigate, cultivate, scout and harvest the corn in accordance with the final crop input and management plan, using its best management practices and in a manner designed to maximize production.
- (ii) Seller shall utilize Cargill hybrid seed purchased from a participating product manufacturer of seed (and designated in the crop input and management plan) and plant the approved seed on the described real estate prior to May 16, 2001. If seed is not planted by May 15, 2001 the Target Production for the described real estate not yet planted will be automatically adjusted to an amount equal to 80% of Sellers historical annual yield for these acres. If seed is not planted by May 26, 2001, Buyer shall have the right to terminate this Agreement with regard to any acreage not planted by this date. Time is of the essence.
- (iii) Should Seller choose to use any agronomic chemicals on the program crops, Seller shall only utilize chemicals purchased from Cargill's list of participating product manufacturers. The list of acceptable chemicals is attached hereto as Exhibit C, Seller may not use chemicals that are not listed on Exhibit C.
- (iv) Seller shall obtain from Input Retailer or other third party agronomic service provider acceptable to Buyer, a minimum of four crop-scouting reports throughout the production period and furnish them to Buyer within 5 days of receipt thereof. The crop scouting data shall contain, at a minimum, that information identified in Exhibit B, attached hereto. Agronomic data as well as any other production information supplied to Buyer in connection with this agreement may be used by Buyer for any purpose it may have, provided it is not disclosed in its raw form to any unaffiliated persons without the Seller's consent.
- (v) Seller shall immediately advise Buyer of any event, occurrence or circumstance that may adversely affect the Production, including, but not limited to, damage to the Production caused by adverse weather conditions, insect damage, drought, disease, wildlife or earthquake.

- (vi) After harvest, Seller shall either immediately deliver and/or store the Total Production to Cargill. Total Production shall be determined at this time through the following process: (a) For all commodities delivered to Buyer at harvest, Seller shall submit all delivery ticket information from the delivery point to Buyer; (b) for all grain stored at harvest, Seller shall (at Seller's sole expense) contract with the local Farm Service Agency to perform official bin measurements. In the event the Seller wishes to, in any way commingle, the grain prior to delivery to Buyer under the terms of this Contract, Seller will notify Buyer not less than two days prior to harvest and the parties will mutually agree on an acceptable means to verify the Total Production. Once Total Production has been determined hereunder, that amount shall be final for purposes of this Contract, regardless of the actual quantity delivered.
- (vii) Upon the request of in its sole discretion and in accordance with the directions of Buyer, Seller shall maintain a test strip(s) or other means of verification on the described real estate for purposes of verifying Seller's Total Production for the 2001 crop year.
- (viii) Prior to the date of the agreement, Seller shall purchase, at its sole cost and expense, a catastrophic loss crop insurance policy (or any other multi-peril crop insurance policy) on the Production of the described real estate. Prior to execution of this agreement Seller shall have provided Buyer with a copy of said policy, the policy application and all additional information submitted by Seller to obtain said policy.
- (vii) Seller hereby grants Buyer, or a designated agent of Buyer, the right to enter onto the described real estate during normal business hours, for the purpose of monitoring and evaluating the progress of the Production, including, but not limited to, the right to inspect, measure, sample and test the fields, growing production, mature production and stored production.

7. Aflatoxin Clause.

Commodities delivered on this Contract must not contain more than 20ppb aflatoxin at final destination. Aflatoxin test method to be selected by the Buyer. Test to be performed by Buyer or party selected by Buyer. In the event that the commodity delivered under this Contract contains more than 20 ppb aflatoxin and either the Buyer or the Seller can find an alternate outlet for the commodity in the marketplace it shall be delivered to that outlet in the name of or for the account of Buyer and will count toward the Total Production under this Contract.

8. NPE Terms.

This is not a storage contract or a contract of insurance. It is a purchase contract. All rights, title, possession and risk of loss pass to Buyer at time of delivery. No warehouse receipt will be issued.

9. State Clause.

[OPEN]1

10. United States Origin.

Seller guarantees that all commodities delivered under this Contract have been, or will be grown on the real estate identified in Addendum A. Seller shall not substitute other production or land without the prior written consent of Buyer.

11. Water Clause.

Seller warrants that no water has been added to the commodities delivered under this Contract at any time or for any purpose except when used as a carrier for residual insecticides at manufacturer's recommended levels. These representations may be relied upon by the Buyer in the resale of these commodities.

12. Warranties.

Seller hereby represents and warrants that (i) all the information provided to Buyer pursuant to this agreement, including but not limited to historical yields, is true, accurate and correct; (ii) all production sold to Buyer will be produced in accordance with the crop management and input plan, remain identity-preserved at all times and in good, sound, dry and merchantable quality in accordance with the specified grades; that it will be compliance with the provisions of the California safe drinking and toxic enforcement act of 1986 (proposition 65); and (iii) that it will not be adulterated or misbranded within the meaning of the Federal Food, Drug, and Cosmetic Act, nor be a grain which may not, under the provisions of section 404 and 505 of the Act, be introduced into interstate commerce. If the production is adulterated, whether by aflatoxin or by other adulteration as defined under applicable law, or the grain or its shipment is in violation of any other clause of this paragraph, Seller shall be in breach of this agreement, and shall indemnify and hold Buyer harmless from and against all costs, damages and losses, whether arising out of Seller's negligence or strict liability, and Buyer may take advantage of any and all remedies set forth in this agreement or provided for under federal, state and local law.

13. Governing Law.

This agreement shall be interpreted in accordance with the laws of the state where the Delivery Point is located, disregarding its conflict of laws rules.

14. Severability.

If any provision of this agreement that shall prove to be invalid, void or illegal will in no way affect, impair or invalidate any other provision hereof and such remaining provisions shall remain in full force and effect.

15. No Waiver.

The failure of either party at any time to require performance by the other of any provision of this agreement shall in no way affect the right of such party to require performance at a later time and a waiver of either party of any breach shall not be construed as a waiver of any continuing or succeeding breach, or a waiver of any rights conferred by this agreement.

16. Limitation of Damages.

In no event shall Buyer be liable to Seller for incidental, consequential or special damages, including loss of profits.

17. Independent Contractor.

Under this agreement, Seller is a seller of grain, and Buyer is a buyer of grain, and as such, nothing herein nor the parties' performance shall be construed to create a partnership, joint venture, agency or other legal relationship between the parties.

18. Setoff.

Without limiting Buyer's pursuit of any and all other rights and remedies available to it, it is expressly agreed that this agreement is subject to the Buyer's right to set off any mutual debts and claims against Seller under or in connection with this agreement, as well as any and all other grain contracts and forward contracts between the parties, as provided in 11 U.S.C. Section 362 (b)(6).

19. Addenda and Exhibits.

Addendum A and Exhibits A and B are hereby incorporated into this agreement.

20. Complete Agreement.

This agreement, Addendum A and Exhibits A and B, constitute the complete and exclusive statement of the agreement of the parties, and supersedes all prior and collateral representations and agreements by or between the parties hereto with respect to the subject matter hereof. Any pricing confirmations executed by the parties in connection with this agreement shall be made a part hereof. To the extent any terms of the pricing confirmations conflict with this agreement, the terms of this agreement shall govern and control.

21. Government Programs.

Seller acknowledges that it shall be solely responsible for eligibility and compliance with any government programs applicable to the production. Seller is urged to apply for any Government payment that Seller may be entitled to prior to delivery of any portion of the Production hereunder.

22. Contract Acceptance.

The provisions of this Contract are understood to be an accurate statement of the terms and conditions of the agreement between the parties hereto. Failure to advise Buyer immediately of any discrepancies, objections to or disagreement with such terms and conditions shall constitute acceptance of this Contract.

23. NGFA Arbitration.

The parties agree that the sole remedy for resolution of all disagreements or disputes between the parties arising under this Contract shall be arbitration proceedings under the trade association identified in this Contract. If no trade association is identified, then NGFA Arbitration Rules then in effect shall apply, and judgment upon the award may be entered in any court having jurisdiction thereof. The decision and award determined by such arbitration shall be final and binding upon both parties.

24. Grading.

Unless otherwise specified, official inspection shall include only official grading factors which are included in the United States Grain Standards Act.

25. Lien, Merchant Status.

Seller agrees that when delivered hereunder, said commodity will be free and clear of all liens and encumbrances of every nature or, if any liens exist at time of delivery, Seller authorizes Buyer to make settlement jointly with the Seller and such person or persons in whose favor the lien or encumbrances has attached. The undersigned Seller represents and warrants to Buyer that Seller is a MERCHANT with respect to the commodity that is the subject matter hereof.

26. Alternate Shipping Points.

Buyer shall have the right to designate any reasonable alternate delivery points if necessary to expedite or facilitate Seller's performance of this Contract but shall have no obligation to do so. Increased shipping charges under this provision shall be for Seller's account, reductions in shipping charges shall be for Buyer's account; provided, however, if the designated alternate delivery points are solely for Buyer's convenience, increased shipping charges shall be for Buyer's account.

27. Adequate Assurance.

Buyer shall have the right, when it has reasonable grounds for insecurity with respect to the performance of Seller, to demand adequate assurance of Seller's full performance. As adequate assurance, Buyer may demand payment from Seller up to an amount equal to the difference between the Contract price and the then prevailing market price for the commodity hereunder. Seller shall provide such adequate assurance within 48 hours of the receipt of the demand therefor. Seller's failure to provide adequate assurance as demanded by Buyer shall constitute seller's repudiation of this Contract, and Buyer shall have the right to all legally available remedies, including, but not limited to, it's losses and damages.

28. Liquidation of Contract.

Buyer expressly reserves the right to cause the liquidation of this Contract because of (a) the insolvency or financial condition of Seller, (b) the commencement of a case under 11 U.S.C. §§101-151326, (c) the appointment of or taking of possession by a trustee in a case under 11 U.S.C. §§101-151326 or by a custodian before such commencement, (d) any and all other defaults of the terms and conditions specified herein either directly or by reference thereof.

29. No Waiver.

Acceptance of any delivery of commodities by Buyer after breach of the terms and conditions of this Contract by Seller shall not waive any rights or remedies accruing to Buyer as a result of such prior breach.

30. Equal Opportunity.

BUYER IS AN EQUAL OPPORTUNITY EMPLOYER, and is a government contractor. Therefore this Contract is subject to the rules and regulations imposed upon contracts and subcontractors pursuant to 41 C.F.R. Chapter 60 -1.4; 41 C.F.R. Sections 60-250.4 and 61-250.10; and 41 C.F.R. section 60-741.4.

31. Amendments.

None of the terms and conditions contained in this Contract may be added to, modified, superseded, or otherwise altered except as expressly provided herein or with the written consent of an authorized representative.

The terms of this agreement include the terms and conditions set forth on the reverse side hereof, which form a part of this Contract, and which are legally binding upon the Seller and Buyer.

Please sign and date the original and attached copy of this Contract. The original must be returned to Buyer at the above-referenced address, and the copy should be retained for Seller's records.

IN WITNESS WHEREOF, THE PARTIES HAVE CAUSED THIS AGREEMENT TO BE EXECUTED AS OF THE DATE FIRST WRITTEN ABOVE.

SELLER:

BUYER:

CARGILL, INCORPORATED

By: _____

By: _____

Name: _____

Name: _____

Date: _____

Date: _____

Exhibit A

**Preliminary
Crop Input and Management Plan**

Exhibit B

Crop Scouting Data

Exhibit C

ACCEPTABLE AGRONOMIC CHEMICALS

Pre-Emergence Herbicides

Bicep
Dual
Bicep + Balance or Hornet
Dual + Balance or Hornet
N-Serve-(optional)

Post-Emergence Herbicides

Spirit/Exceed/Northstar/Beacon/Tough
Hornet
Celebrity Plus/Distinct/Marksman

Herbicide Tolerants

Liberty
Lightning/Clearfield

Insecticides

Force
Warrior T
Lorsban 15G
Regent